



Transitioning Your Hardware-centric Sales Team to Managed –Service Experts

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Our Story - Introduction

★ Who is SMS?

- 80/20
- 2012 goal – 60/40

★ The transition

- Good money after bad
- Profile of SMS Reps

★ The failure(s) – this could take a while

★ Traction??

★ What's next?



I Sell Hardware Damn It!

- ★ I make more selling in the traditional model
- ★ When we knew we had it wrong...
 - Perfect Opportunity
 - ◆ 20 Desktops/2 Server Refresh
 - ◆ No internal IT
 - ◆ Wrap in the install with monitoring and remediation – lease equipment and provide one payment.
 - ◆ No brainer!
 - ◆ Realization.



It break, we fix, you pay...

- ★ I ran the numbers and I make more selling it in the old model...
- ★ Well, the client just wanted a hardware refresh – not sure he understood what it all meant...
- ★ Do we have it together in the backroom – can we really support this?
- ★ I am really busy, this takes a lot of time to sell.



Fire Them All!

- ★ It took me 10 years to hire them all and 20 minutes to let them all go.
 - Could it be that easy
 - Hire new reps without the baggage
 - Walk away from 10 Million in hardware at 19% blended gross margin
 - My head hurts



The Overlay Experiment

- ★ These guys just won't get it, I will overlay them with a specialist.
- ★ I will hire someone who does and they will work happily together – providing value for our clients in a harmonious team sell environment.
- ★ Sales will skyrocket.
- ★ Pigs flying all around me.



We Are Smarter Than This, Level Set

★ Snapshot in time...

- One specialized rep (VCIO)
- Little Traction
- Does everyone, and I mean everyone, understand the UVP?
- Core reps won't take in specialized rep
- Our story is getting better, slowly
- Processes getting better
 - ◆ Contracts are strong
 - ◆ Offerings getting better
 - ◆ Trojan Horse concept
 - Not just monitoring anymore



It's The Pay Plans

★ Our initial pay plan VCIO

Base + Non-forgivable Draw

12 - 36 Month Contract

**1 Time Payment equal to 1/2 the monthly agreed payment amount for a 36 month contract:
Example \$299 per month = 1 time commission of \$150 – Must have set up fee = to one month payment.**

60 Month Contract

**1 Time Payment equal to 1 X the monthly agreed payment amount for a 60 month contract:
Example \$299 per month = 1 time commission of \$299 – Must have set up fee = to one month payment.**



It's The Pay Plans

★ Our initial pay plan VCIO

Monthly Revenue Commission Stream Allocation from SMS proMANAGE

Equal to 10% of the monthly agreed payment for the life of the contract: Example \$299 per month = \$29 monthly commission for life of contract based on Quota – Revenue Stream Allocation below.

SMS ProMANAGE Quota – A total quota of 10 SMS proMANAGE must be maintained per month to receive 100% of Revenue Stream Allocation.

10 = 100% Revenue Allocation Achieved
7 = 70% Revenue Allocation Achieved
6 = 60% Revenue Allocation Achieved
4 = 40% Revenue Allocation Achieved
2 = 20% Revenue Allocation Achieved

9 = 90% Revenue Allocation Achieved
8 = 80% Revenue Allocation Achieved
5 = 50% Revenue Allocation Achieved
3 = 30% Revenue Allocation Achieved
1 = 10% Revenue Allocation Achieved
0 = 0% Revenue Allocation Achieved



It's The Pay Plans

★ Our initial pay plan Core

12 - 36 Month Contract

1 Time Payment equal to 1/2 the monthly agreed payment amount for a 36 month contract: Example \$299 per month = 1 time commission of \$150 – Must have set up fee = to one month payment.

60 Month Contract

1 Time Payment equal to 1 X the monthly agreed payment amount for a 60 month contract: Example \$299 per month = 1 time commission of \$299 – Must have set up fee = to one month payment.

No Revenue Stream.



A Punch In The Gut

- ★ **Sales people do what you PAY them to do, end of story.**
 - **How do we create an environment that fosters cooperation?**
 - **How do we force them to identify accounts that are prime targets for managed service offerings?**
 - **How do we supercharge our MSP practice's growth? (60/40)**
-take their milk away.**



A Core Pay-plan That Drives MS

★ **No pain, no gain. A new day dawns.**

– **The basics**

- ◆ Base + Non-forgivable draw
- ◆ Auto allowance
- ◆ Utilization based labor commission
- ◆ Hardware gross margin

Some form of above....

Time to rethink....



A Core Pay-plan That Drives MS

★ **The change from a standard pay out on gross margin for hardware/software...hit them where it counts!**

Hardware/Software Commission Schedule	
0 Managed Service Deals	8% total GM \$
1 Managed Service Deal	9% total GM\$
2 Managed Service Deals	10% total GM\$
3 or More Managed Service Deals	11% total GM\$

A Commission percentage (see table above) will be paid on your total gross profit of hardware and software orders. The percentage will be based on total SMS proMANAGE items sold in a given calendar month with commission paid in arrears the following month. The calculation percentage is reset at the 1st of every month.

A Core Pay-plan That Drives MS

★ Managed Service Components for Core

Managed Service Commission	
1st MS Deal	.50x Monthly Payment
2nd MS Deal	.75x Monthly Payment
3rd MS Deal or More	1x Monthly Payment

A Commission payout (see table above) will be paid on your total monthly payment(s) of managed service orders for the given month. The payout will be based on total SMS proMANAGE items sold in a given calendar month with commission paid in arrears the following month. The calculation payout is reset at the 1st of every month.

The structure is retro-active in any given month, see examples:

Month 1: 1 proMANAGE deal sold for a payment of \$500 per month. No other deals sold that month, the rep would earn a commission payout of \$250.

Month 2: 3 proMANAGE deals sold for total combined payments of \$2700 per month. The rep would earn a commission payout of \$2700.

NOTE: IF A SET UP PAYMENT EQUAL TO ONE MONTHS FEE'S IS NOT ADDED, INITIAL PAYOUT IS WAVED BY REP. ANNUITY WILL STILL APPLY.

A Core Pay-plan That Drives MS

★ Managed Service Components for Core

Residual Revenue from MS Offerings	
0 Managed Service Deals	0% total MS monthly Contracts
1 Managed Service Deal	2% total MS monthly Contracts
2 Managed Service Deals or More	3% total MS monthly Contracts
3 or More Managed Service Deals	5% total MS monthly Contracts

A Commission percentage (see table above) will be paid on your total monthly active payment steam of managed service orders. The payout will be based on total SMS proMANAGE items sold in a given calendar month with commission paid in arrears the following month. The calculation payout is reset at the 1st of every month.

The structure is retro-active in any given month, see examples:

Month 1: 1 proMANAGE deal sold in given month. Current active proMANAGE deals sold by rep = \$32,000 per month. The rep would earn a commission payout of \$640.00.

Month 2: 3 proMANAGE deals sold in a given month. Current active proMANAGE deals sold by rep = \$32,000 per month. The rep would earn a commission payout of \$1600.00

Regulations:

All contracts must be a minimum of one year for commission to be paid.

If set-up fee waived, sales rep forfeits monthly payment commission for that individual deal, the deal still counts towards tier achievement of other commission triggers. Commission will not include any additional dollars added to set-up fee to bring network up to date.

A Core Pay-plan That Drives MS

★ What it looks like....

	Monthly Payment Criteria
Labor Utilization for Month	71% +
Labor % Payout	0.12
Total Managed Service Deals Sold	2
Hardware/Software % Achieved	0.1

	Sold	Commission Achieved
Total Labor \$	\$ 48,691.00	\$ 5,842.92
Total GM Hardware/Software	\$ 37,991.00	\$ 3,799.10

Total New Business Labor \$	\$ 2,200.00	\$ 264.00
Total New Business GM	\$ 3,200.00	\$ 384.00

Total Managed Service Payments for Month	\$ 650.00	\$ 487.50
Residual Monthly Payment Annuity	\$ 100,000.00	\$ 3,000.00

JR Rep Total Labor \$	\$ 12,000.00	\$ 240.00
JR Rep Total GM Hardware/Software	\$ 10,000.00	\$ 200.00

Total Commission	\$ 14,217.52
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Total Draw to Date	\$ 3,000.00
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Total Payout	\$ 11,217.52
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VCIO Quick Glance

- ★ VCIO's are dedicated MS resources within our organization
 - Subject Matter Experts
 - Understand how to sell value prop
 - Territory/Sales POD based
 - Perform Quarterly Audits
 - Perform team sell with core reps
 - Responsible for selling deeper
 - Can't sell hardware



VCIO Quick Glance

★ VCIO's pay metrics:

Existing Client Managed Service Commission	
1st MS Deal	.50x Monthly Payment
2nd MS Deal	.75x Monthly Payment
3rd MS Deal or More	1x Monthly Payment

Residual Revenue from MS Offerings	
0 Managed Service Deals	0% total MS monthly Contracts
1 Managed Service Deal	5% total MS monthly Contracts
2 Managed Service Deals or More	6% total MS monthly Contracts
3 or More Managed Service Deals	7% total MS monthly Contracts

Hunted (Net New) MS Offerings	
1st Deal	.75x Monthly Payment
2nd Deal	1x Monthly Payment
3rd Deal or More	1.25 Monthly Payment

Q & A



Thank You

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